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ARIZONA CORPORATION COMMISSION

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Fred and Carol Ann Schenck
20014 North Lake Forest Drive
Sun City, Arizona 85373-1113

Re: Arizona-American Water Rate Case

Dear Mr. and Mrs. Schenck:

Thank you for your e-mail expressing your view on the Arizona-American Water rate case.

Arizona-American filed its Application seeking a rate increase in November 2002. The evidentiary record is still being developed. This is a lengthy process which will take about a year to conclude. In the meantime, Arizona-American's current rates will remain in effect.

You suggest that rates should be structured to encourage water conservation. For this rate case and for other water utilities, the Commission staff has recommended a 3-tier inverted block rate structure. The cost of water increases as more water is conserved.

To develop the record, Arizona-American, the Commission staff and any Intervenors will submit written testimony regarding their positions on the requested rate increase. Then, an administrative law judge will preside over a hearing which is much like a trial. This hearing is scheduled for December 4, 2003, at 10:00 a.m. at the Commission's offices. This hearing is open to the public. You may also call the Commission's "Listen Line" to listen to the hearing. That phone number is (602) 542-0222 or 1-800-222-7000. After the hearing, the judge will write a proposed Order making a recommendation to the Commission as to Arizona-American's rates. Finally, after reviewing the entire record, the Commissioners will vote to accept, modify or deny the judge's proposed Order at an Open Meeting.

Your correspondence has been placed on file with Docket Control and will become part of the record. Arizona is well served when its residents take an interest in a matter and voice their opinions. I will take your comments into consideration as I review the matter.

Sincerely,

Mike

Mike Gleason
Commissioner

Arizona Corporation Commission

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